Consumer Mood Monitor

Further Uplift in Outlook But Many Continue to Struggle

October 2014

Improving Consumer Mood but Struggling Continues…

- ✓ The consumer outlook for the Irish economy has improved further and the clear majority of consumers now believe the recovery is well underway.
- ✓ But many consumers continue to struggle financially and this proportion has increased in the anticipation of higher costs of living.
- ✓ Also, the majority of consumers feel that the recovery is not benefitting them personally.
- ✓ This combined with concerns about the world economy has led consumers to remain cautious in terms of consumer spending with only 1 in 5 expecting to increase spend in the next 6 months.
- ✓ Ireland continues to be a strongly divided country in terms of consumers’ personal financial situation with 1 in 3 expressing they are struggling financially while another 1 in 3 feel they live comfortable above the average.
- ✓ This is driven more by life stage rather than by social class with older families being more likely to struggle due to higher debt and expenses commitments.

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Consumer Mood - Headline Facts

- **72%** believe recovery is underway in Ireland – up from 69% in June
- **55%** believe the Irish economy will improve next 6 months – up from 52%

BUT

- **32%** of consumers are still struggling to make ends meet
- **59%** of consumers do NOT believe the recovery is benefiting them personally
- **13%** of consumers appear to be “desperate”, struggling with no light at the end of the tunnel
- **11%** of consumers feel “hard done by”, struggling with the belief in a recovery which is not for them
- **20%** claim they will spend more on goods & services in next 6 months

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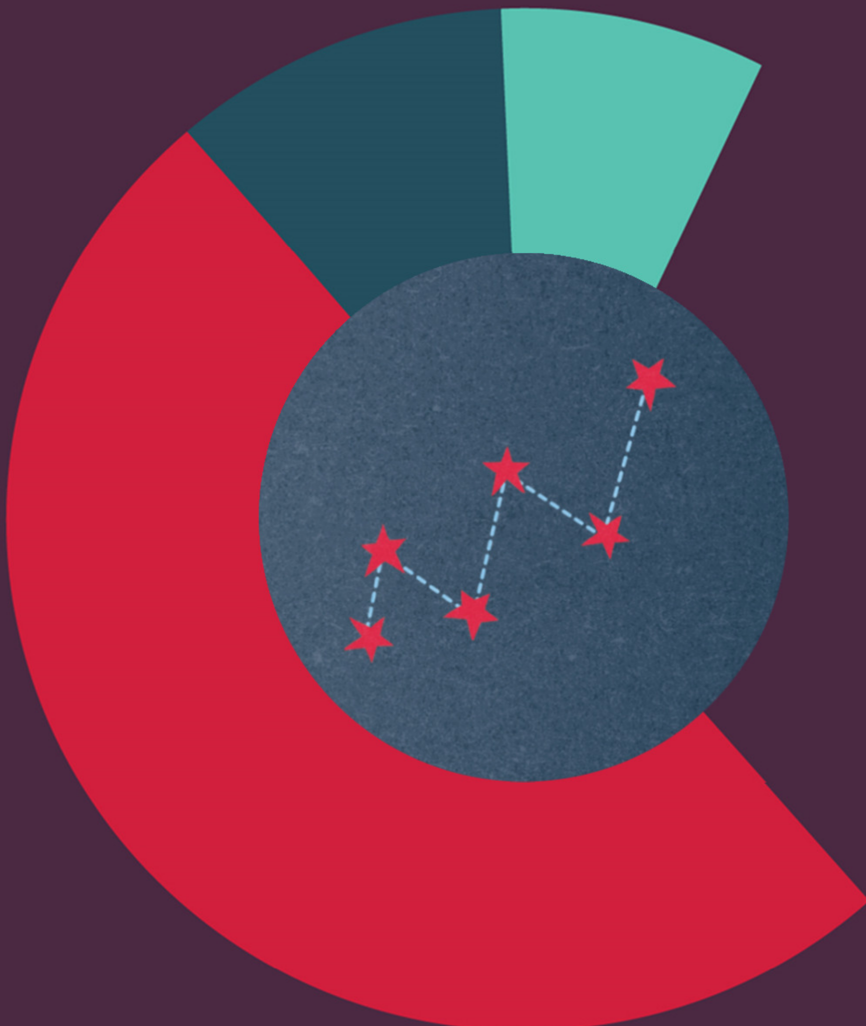
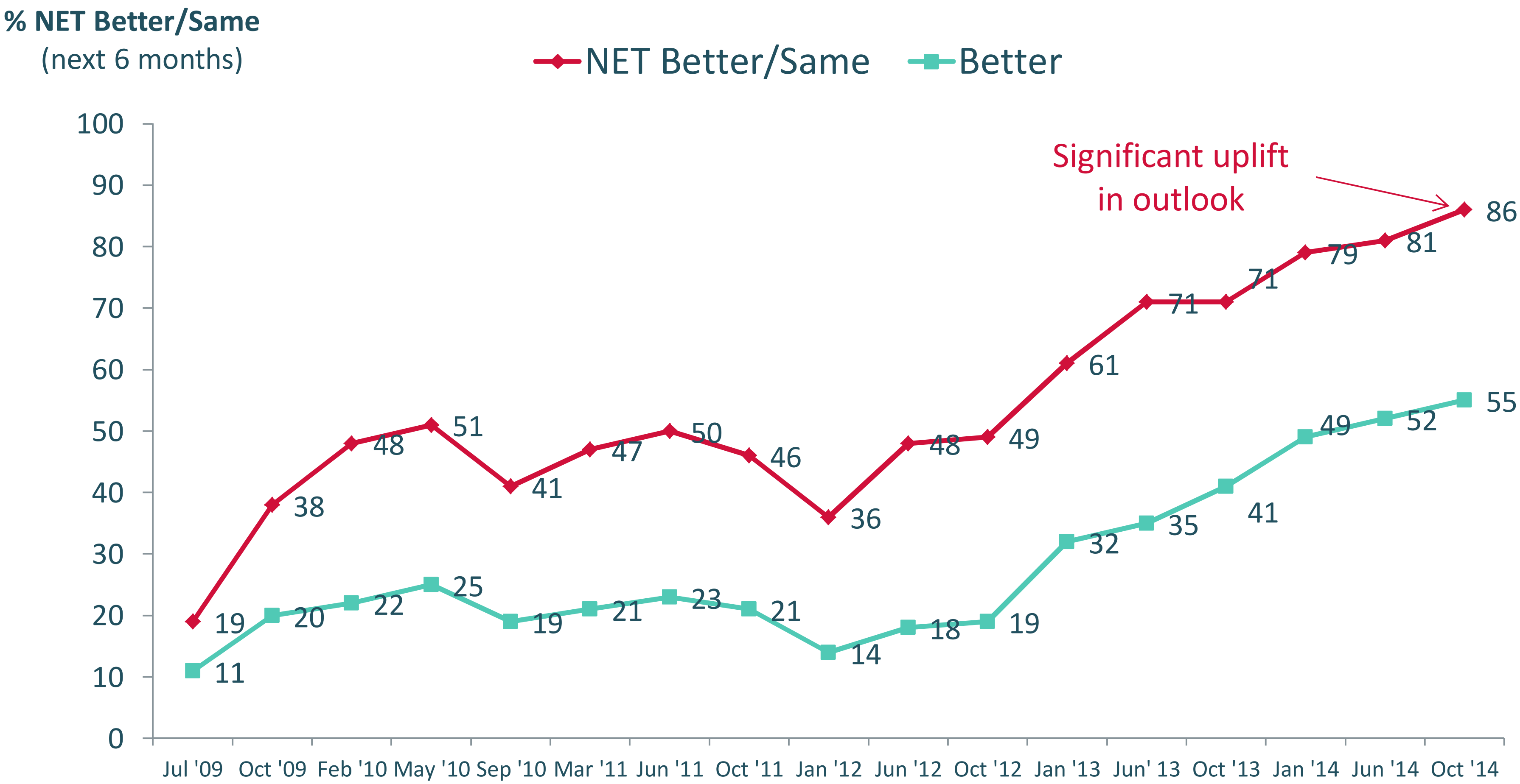


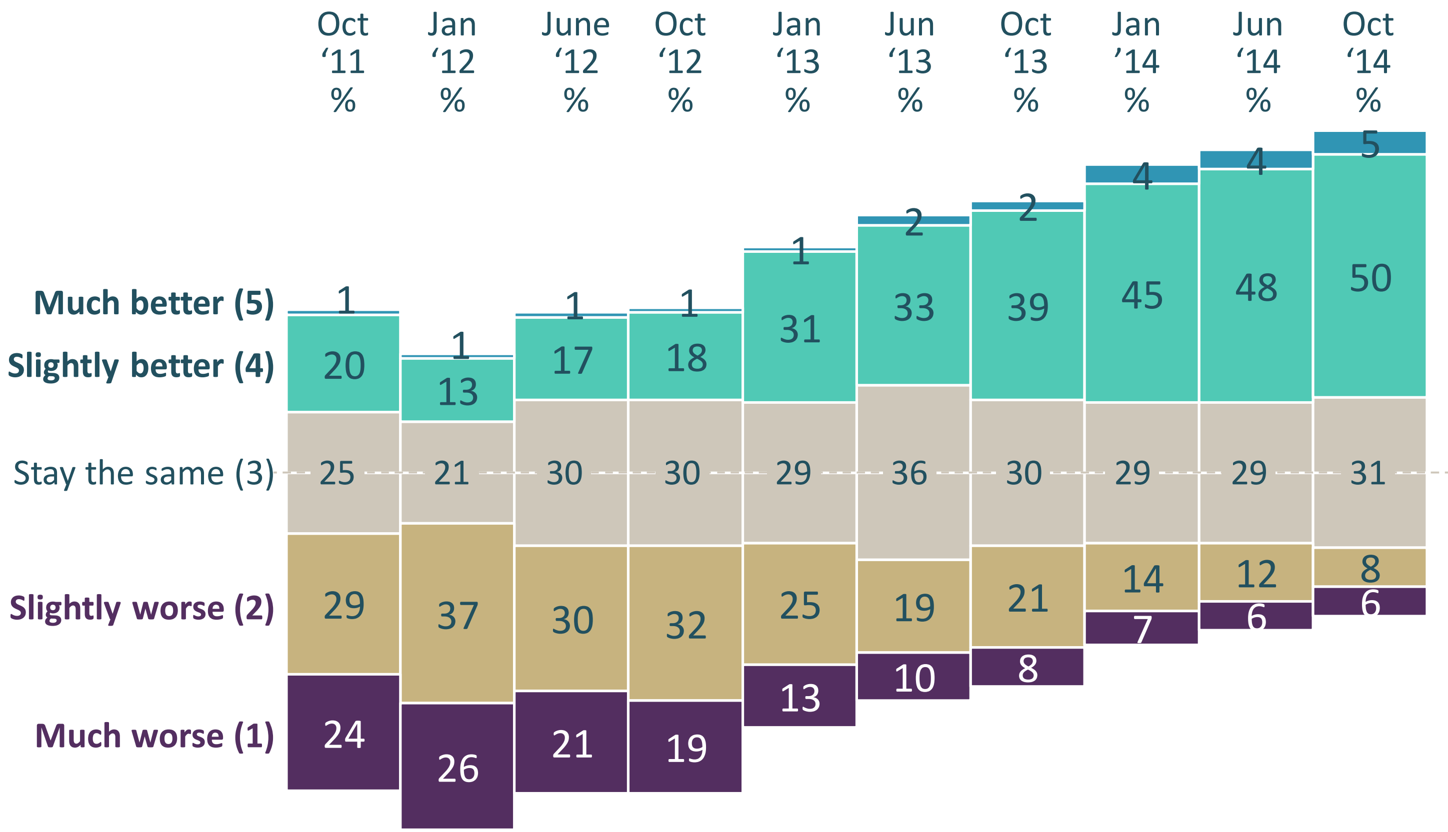
Consumer Outlook for the Irish economy has improved further following positive media reports and an end to austerity budgets

How do you expect the ***Irish economy*** to fare in the next 6 months?



We see a further uplift in consumer outlook for the Irish economy with more than half expecting the Irish economy to improve in the next 6 months.

How do you expect the Irish economy to fare in the next 6 months?



	Oct '11 %	Jan '12 %	June '12 %	Oct '12 %	Jan '13 %	Jun '13 %	Oct '13 %	Jan '14 %	Jun '14 %	Oct '14 %
Much better (5)	1	1	1	1	1	2	2	4	4	5
Slightly better (4)	20	13	17	18	31	33	39	45	48	50
Stay the same (3)	25	21	30	30	29	36	30	29	29	31
Slightly worse (2)	29	37	30	32	25	19	21	14	12	8
Much worse (1)	24	26	21	19	13	10	8	7	6	6
NET Same /Better (3-5)	46	36	48	49	61	71	71	79	81	86
Average	2.44	2.24	2.46	2.52	2.83	2.99	3.06	3.25	3.31	3.41

- ✓ More than half believe the Irish economy will fare better in the next 6 months – this is the highest since we started this tracking back in July 2009.
- ✓ Just 1 in 7 believe the economy will fare worse in the coming 6 months.

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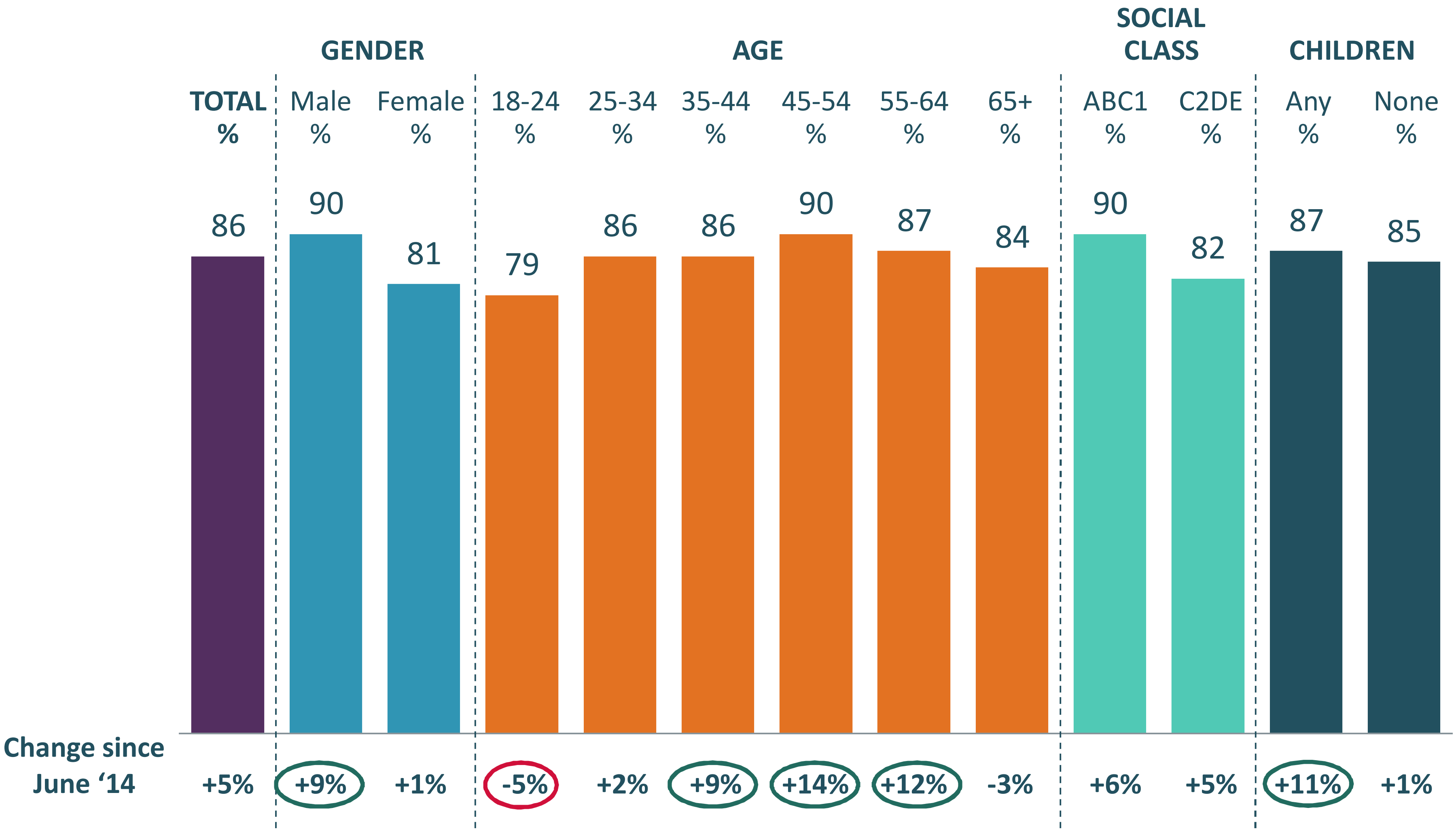
Expectations for the Irish economy 6 months from now

% Stating they believe it will be the same or better



The optimism is shared across the population. **Biggest improvement in outlook is evident among families.**

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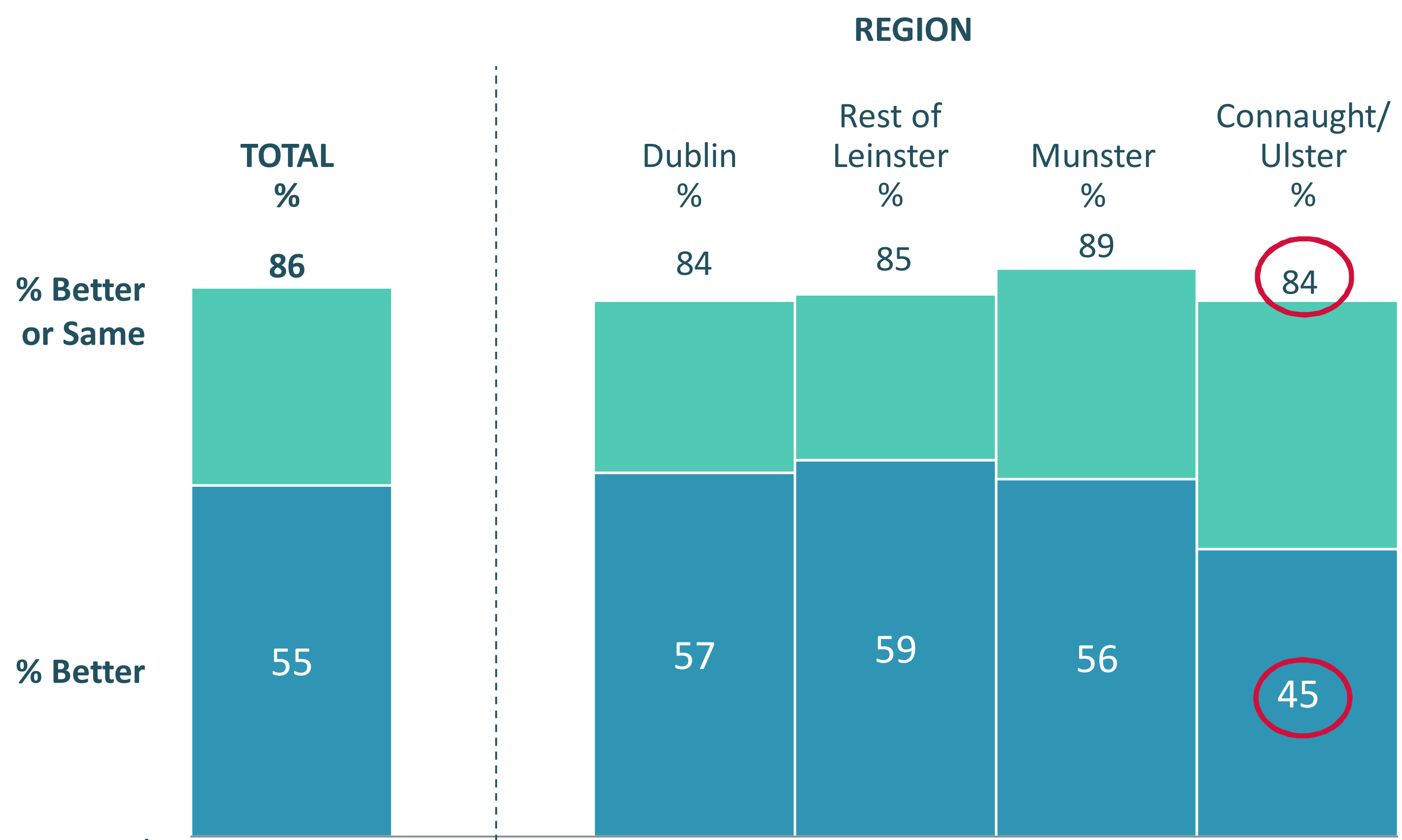
People living in Connaught/Ulster are less positive about the future of the Irish economy…



Change % since June '14	TOTAL	Dublin	Rest of Leinster	Munster	Connaught/Ulster
Better or Same	+5%	+1%	+2%	+9%	+10%
Better	+3%	+5%	+5%	+2%	+1%

The regional split in terms of consumer optimism remains but Munster has now caught up with Dublin/Rest of Leinster.

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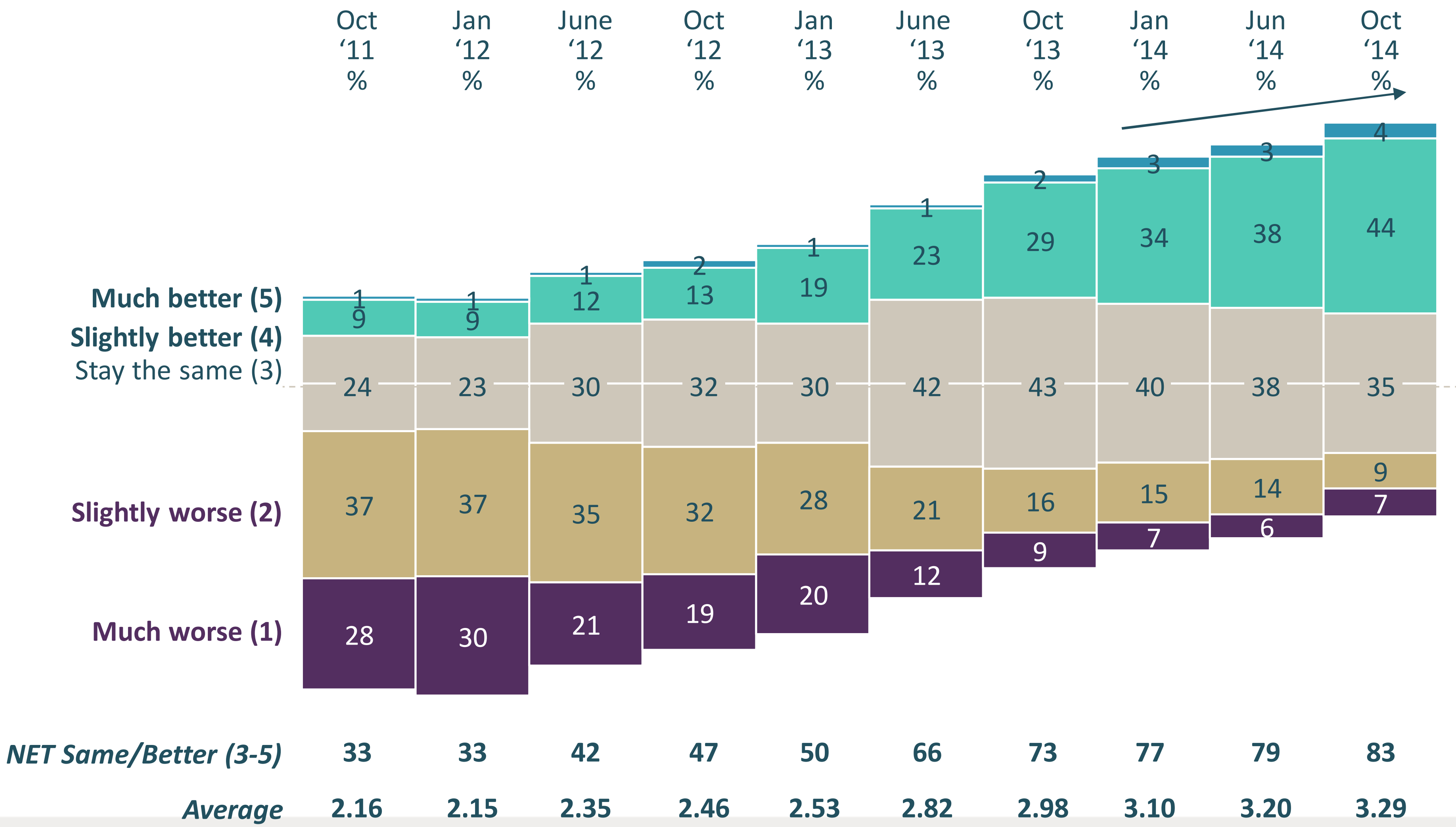
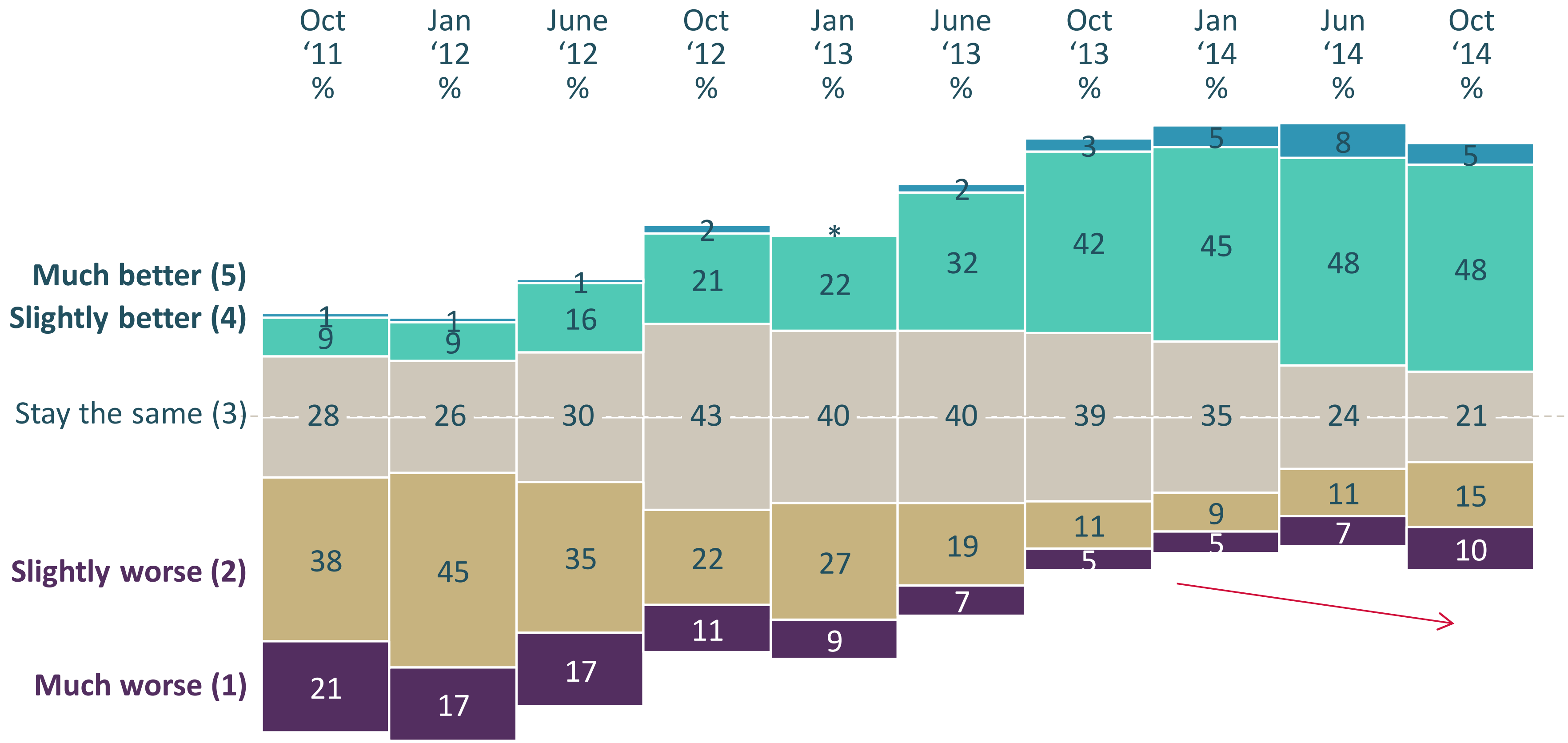
How do you expect the Job market to fare in the next 6 months?



Improved outlook for the economy has led to improved expectations for the **job market** with half expecting improvements in the next 6 months.

High housing prices in Dublin combined with new mortgage rules have dampened the expectations of the housing market

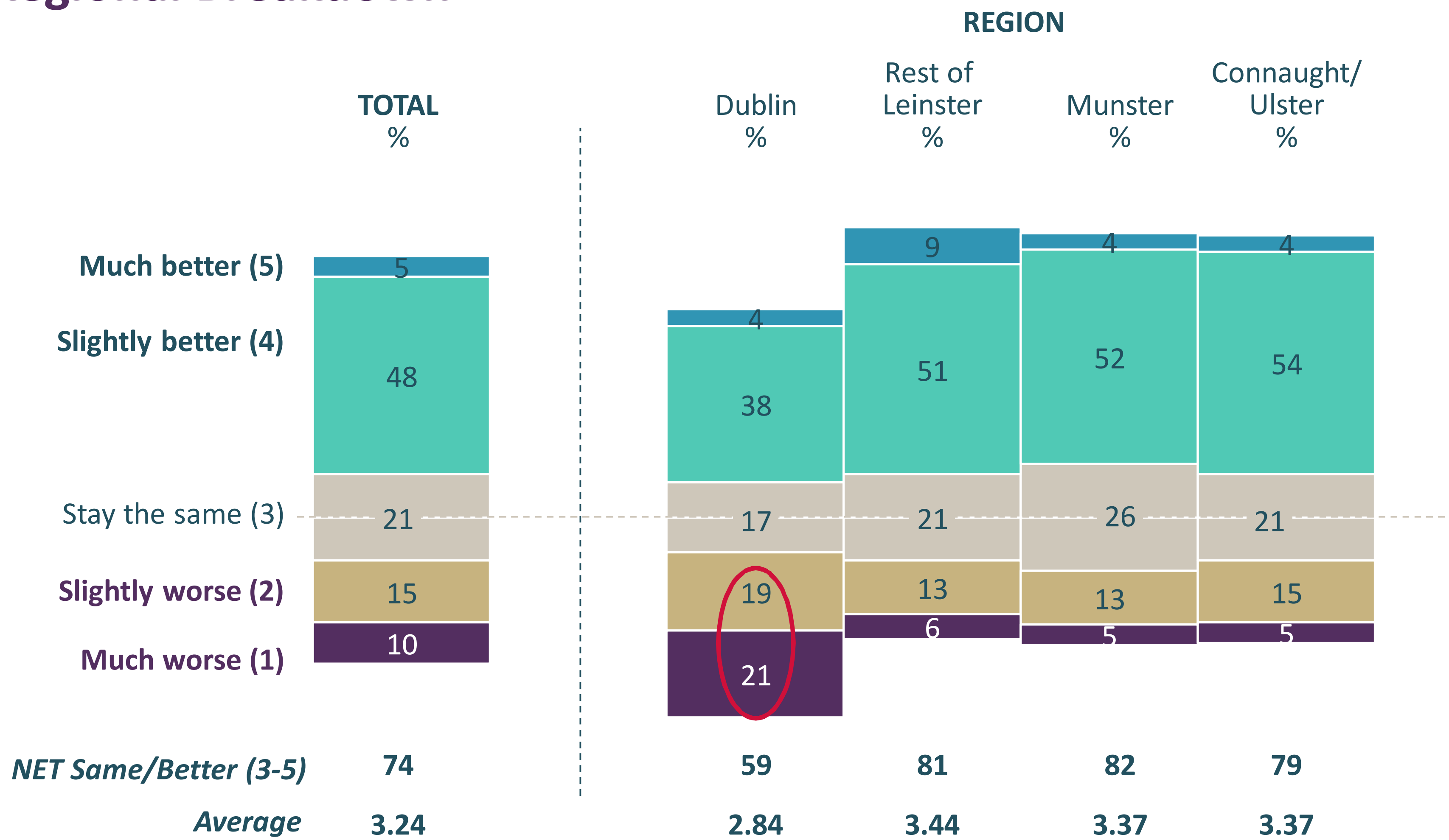
How do you expect the Housing Market to fare in the next 6 months?



	Oct '11	Jan '12	June '12	Oct '12	Jan '13	June '13	Oct '13	Jan '14	Jun '14	Oct '14
NET Same/Better (3-5)	**38**	**36**	**46**	**66**	**62**	**74**	**83**	**85**	**80**	**74**
Average	**2.29**	**2.29**	**2.47**	**2.80**	**2.77**	**3.03**	**3.26**	**3.37**	**3.41**	**3.24**

The majority still expect improvements in the housing market but expectations have become more negative since June.

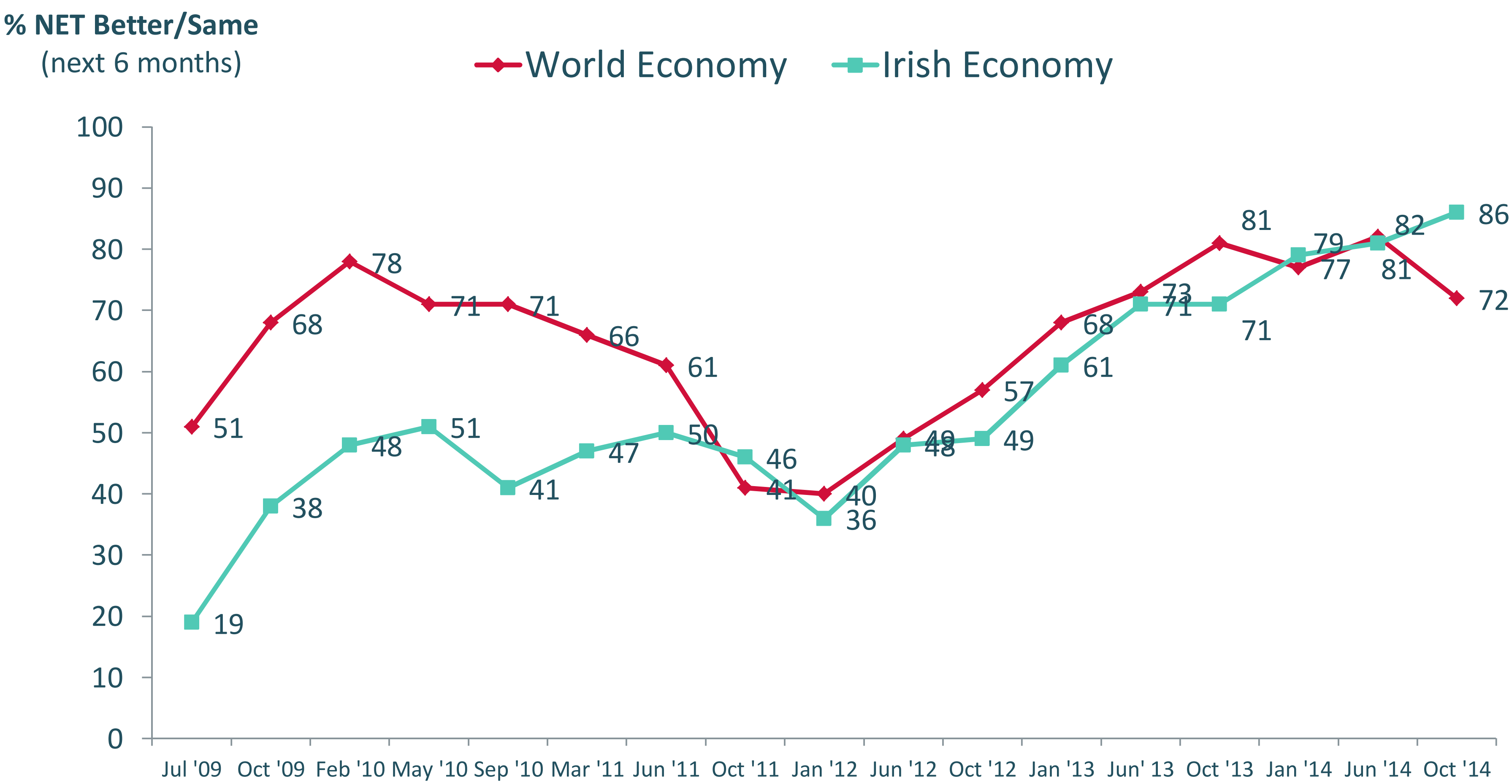
How do you expect the Housing market to fare in the next 6 months? Regional Breakdown



Dubliners are much less likely to expect improvements in the housing market over the next 6 months with 2 in 5 Dubliners expecting this market to fare worse.

Outlook for the World Economy has declined – this impacts on consumer reactions to the more positive outlook for Ireland

Expectations for the World Economy



Expectations for the World Economy have declined and are now at the lowest level since early 2013. **This potentially makes consumers cautious in spite of optimism for the Irish economy.**

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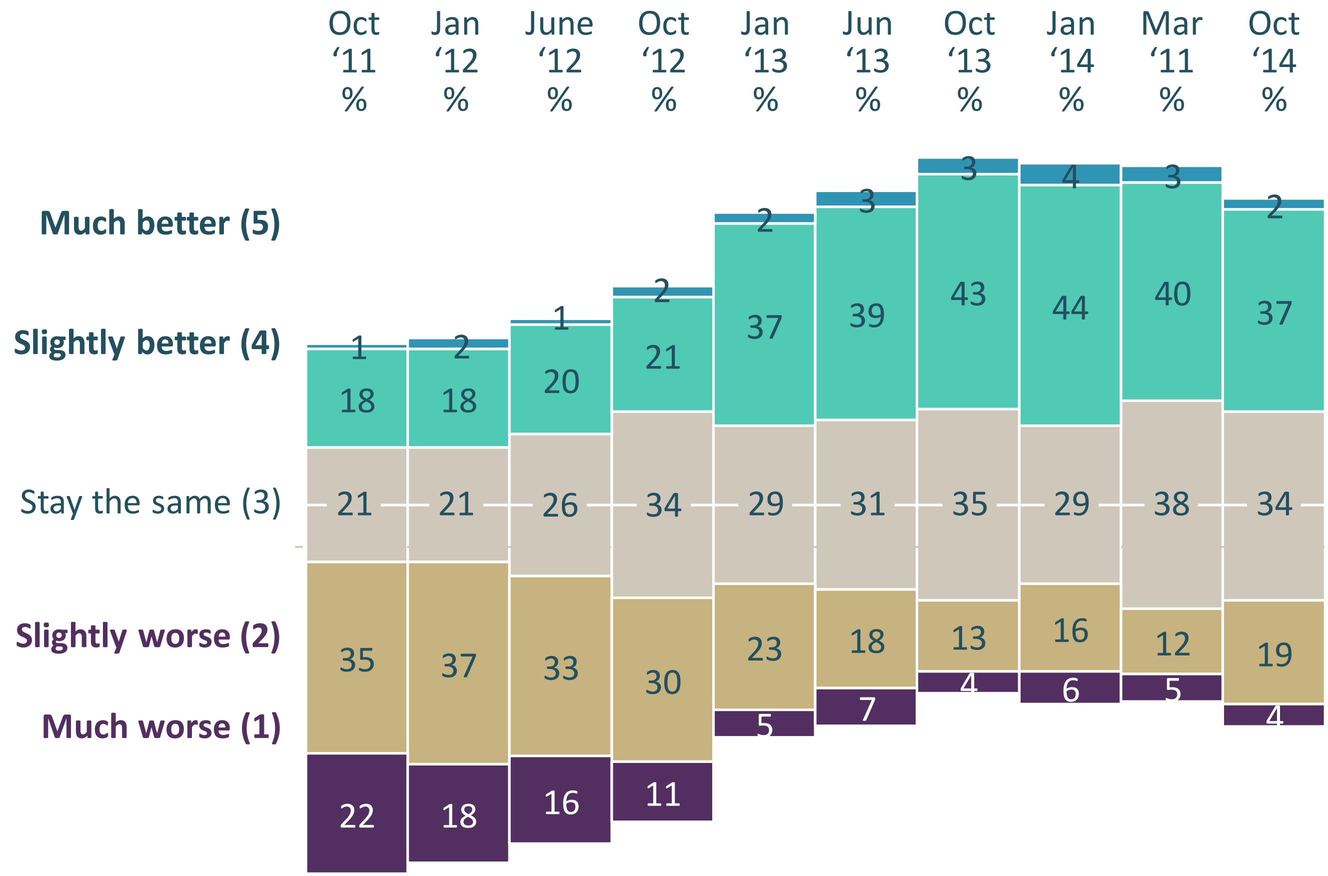
How do you expect the World economy to fare in the next 6 months?



	Oct '11	Jan '12	June '12	Oct '12	Jan '13	Jun '13	Oct '13	Jan '14	Mar '11	Oct '14
NET Same/Better (3-5)	**41**	**40**	**49**	**57**	**68**	**73**	**81**	**77**	**82**	**72**
Average	**2.40**	**2.45**	**2.56**	**2.73**	**3.08**	**3.12**	**3.27**	**3.26**	**3.25**	**3.13**

- While 2 in 5 still has a positive outlook for the World Economy, it is evident this positive outlook has declined.

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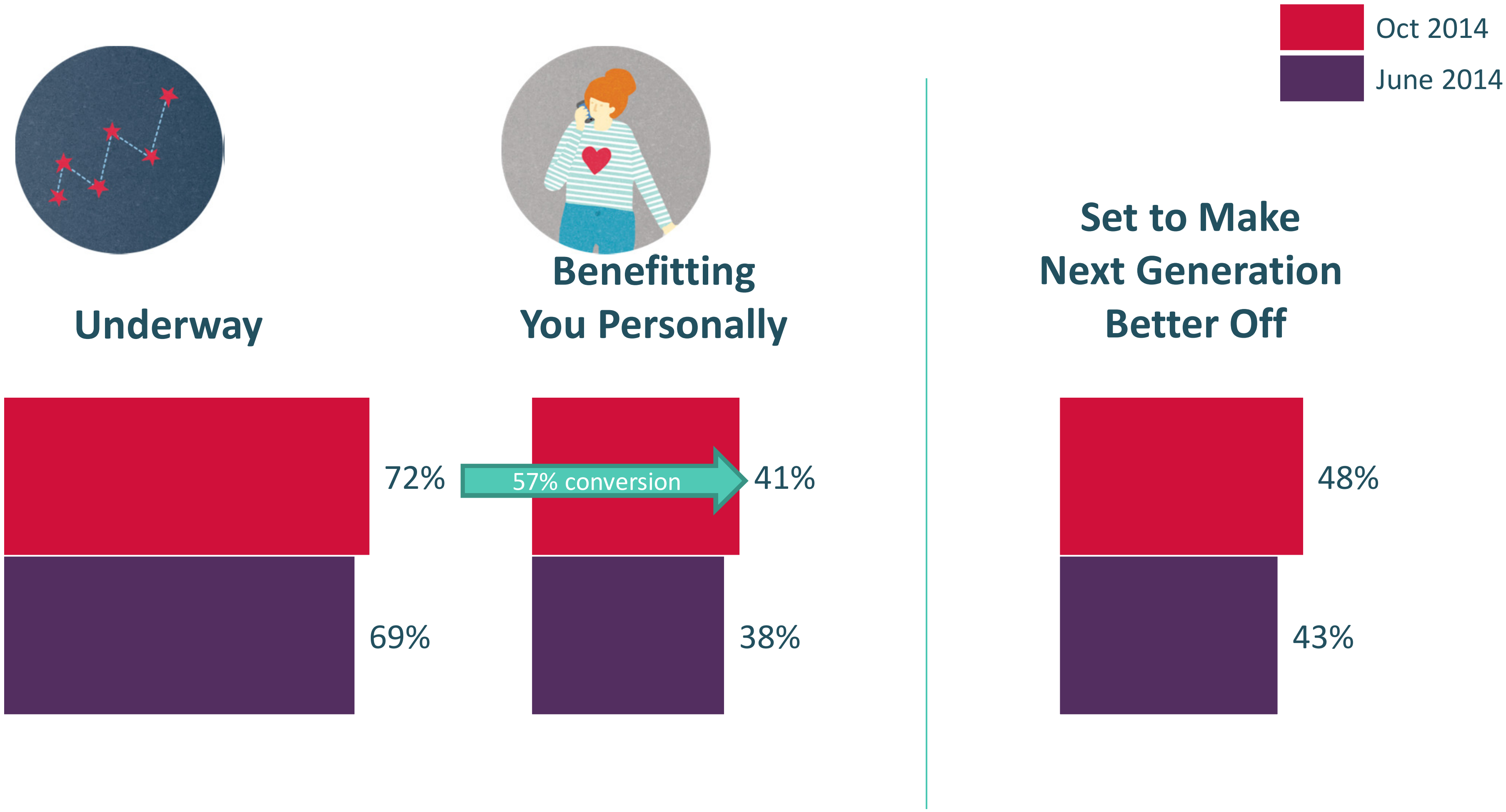
The majority feel that Ireland is recovering but the majority still do not feel any personal benefits from this recovery

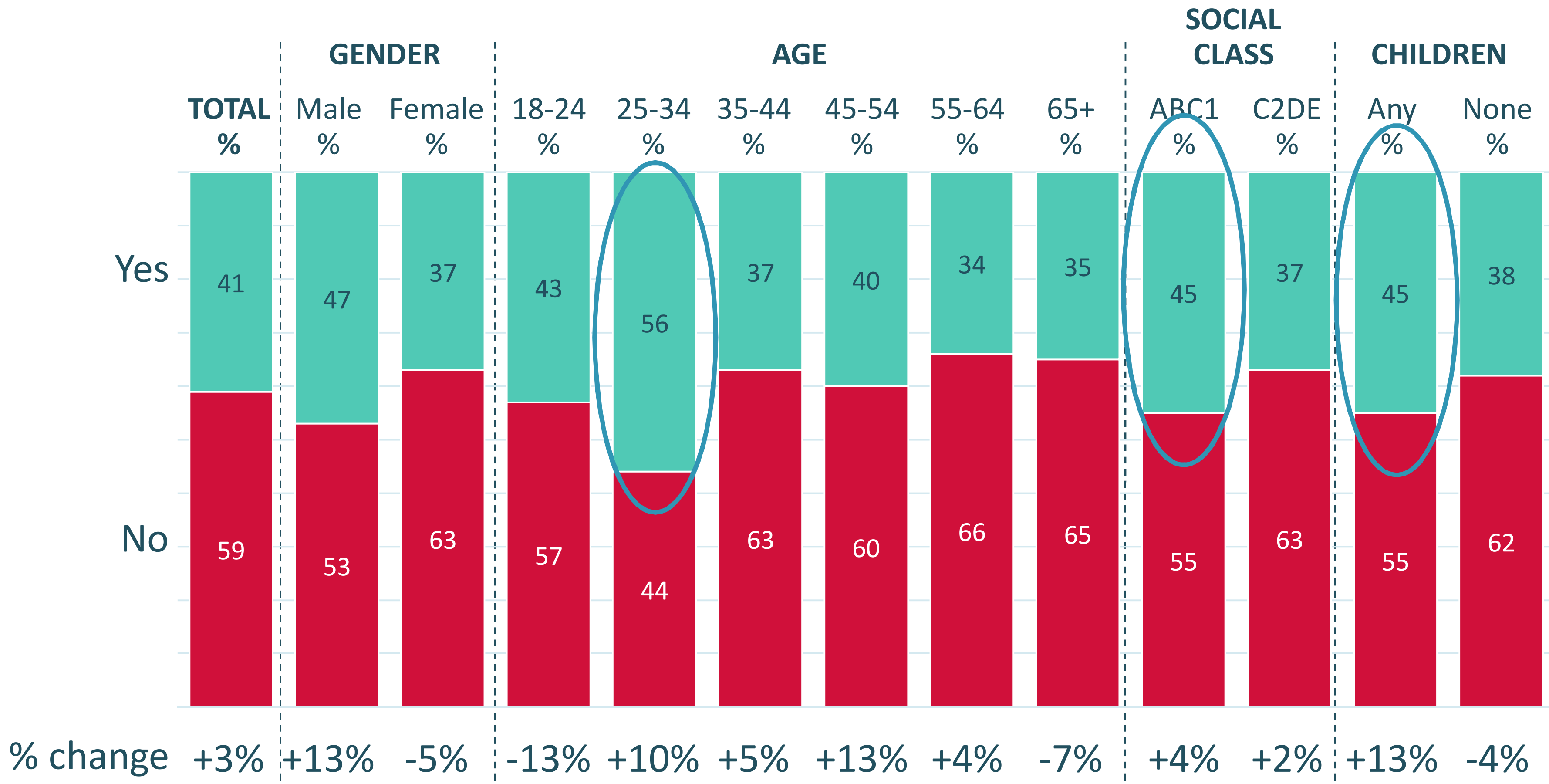
Do you believe that an Economic Recovery in Ireland is...?



We see an increase in the proportion who feels the recovery is benefitting them personally but **more than 2 in 5 of those who believes the recovery is underway feel no personal benefits**.

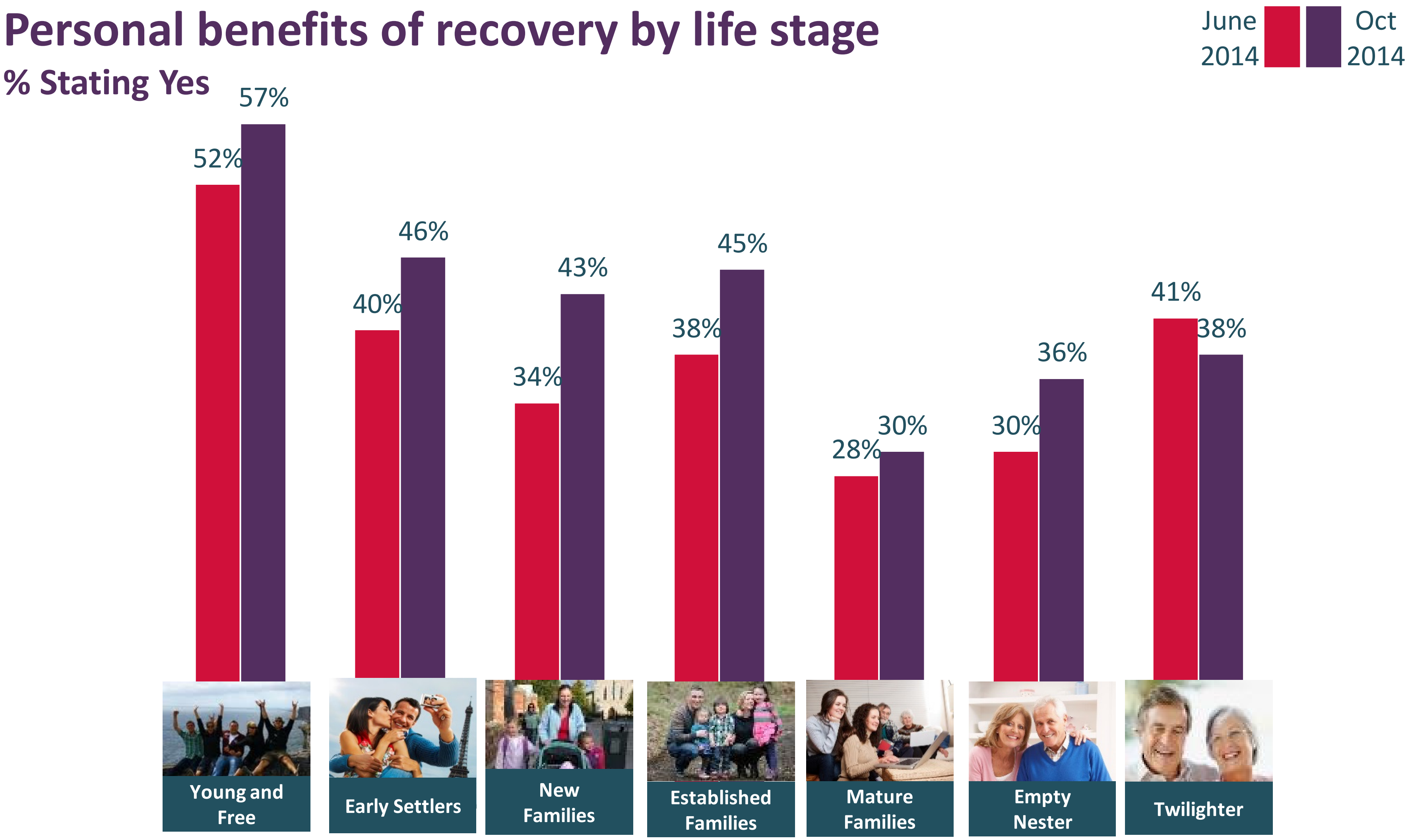
Ireland's Economic Recovery Benefitting You Personally?

% Stating Yes or No



The 25-34 year olds, those in higher social classes and those with children are more likely to feel the benefits of the recovery.

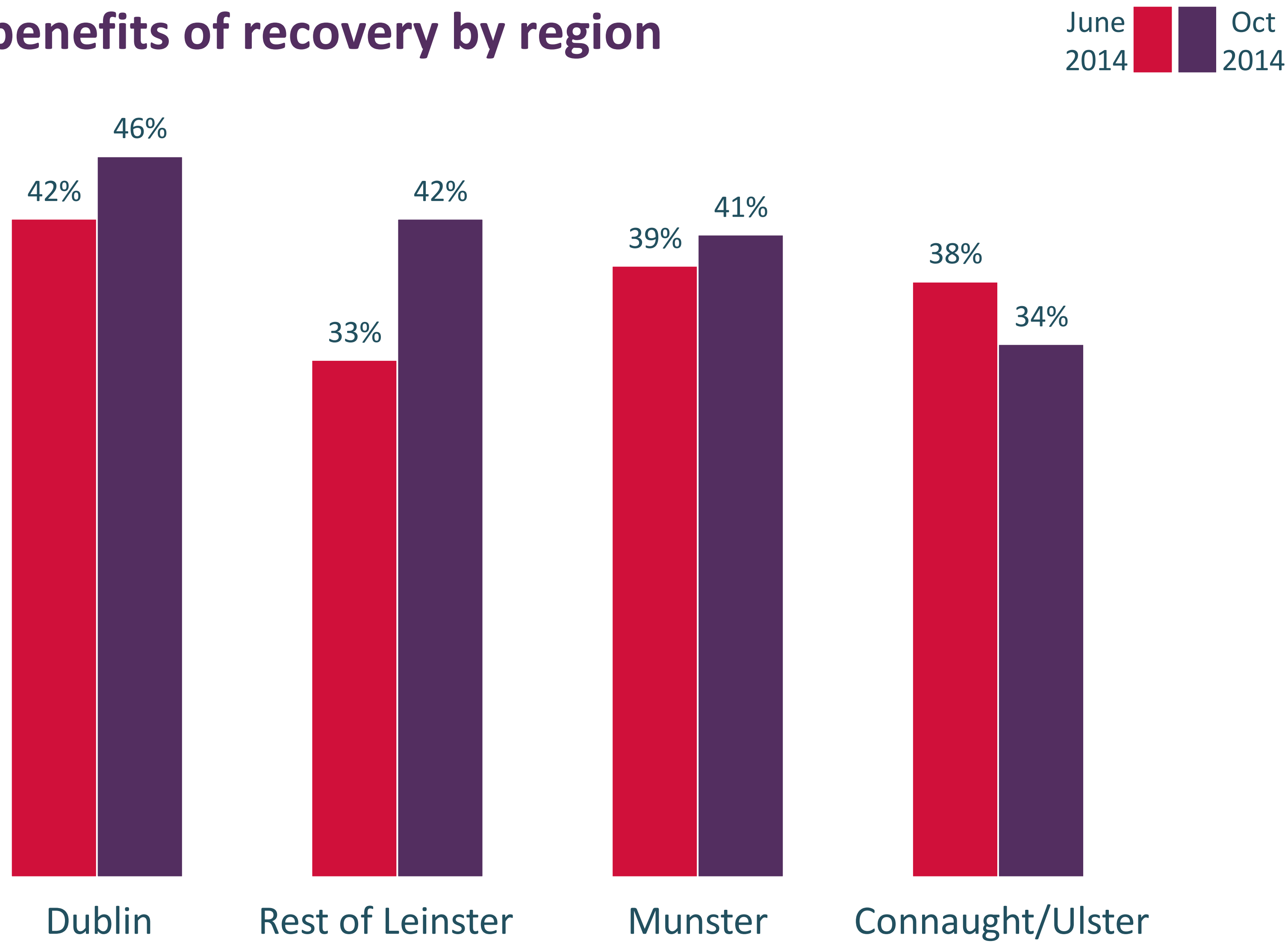
Personal benefits of recovery by life stage



We see an improvement in personal benefits from recovery across most life stages. The "Young & Free" segment continues to be most likely to feel the recovery personally.

Personal benefits of recovery by region

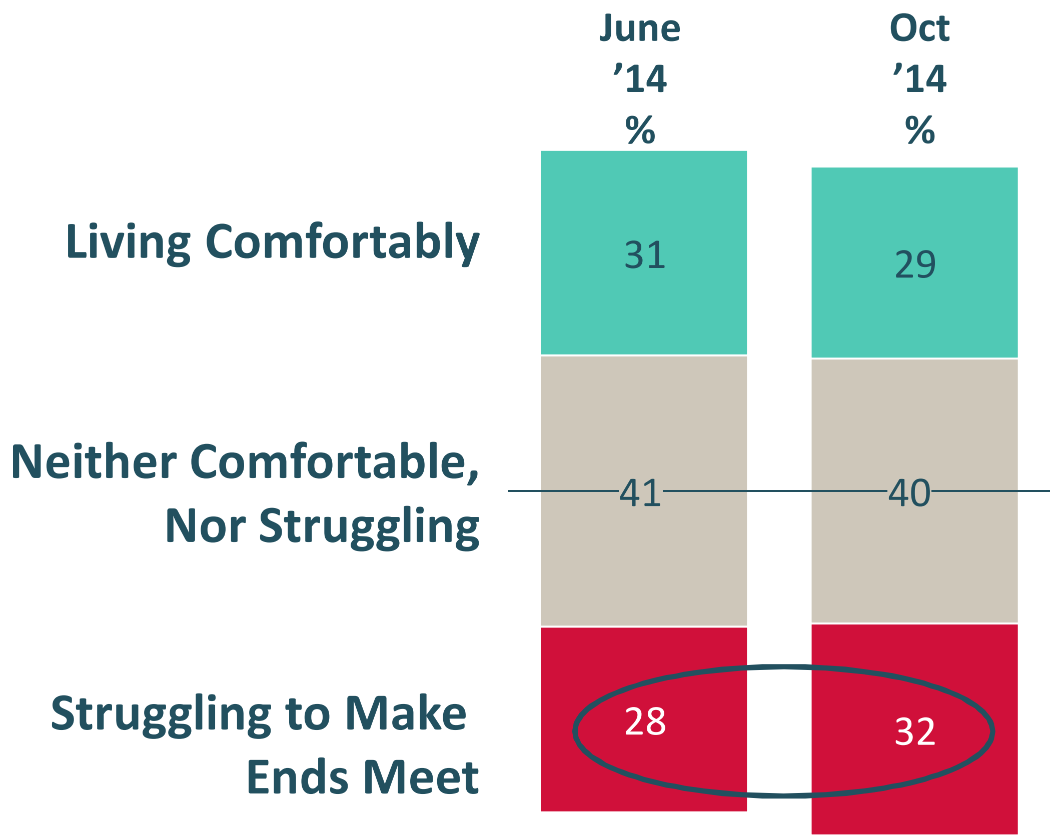
% Stating Yes



People in Connaught/Ulster are less likely to feel the impact of the recovery while people in the Rest of Leinster sees a big improvement since June.

A significant proportion of the population continues to struggle financially – more claim to do so now, in anticipation of higher costs, e.g. water charges

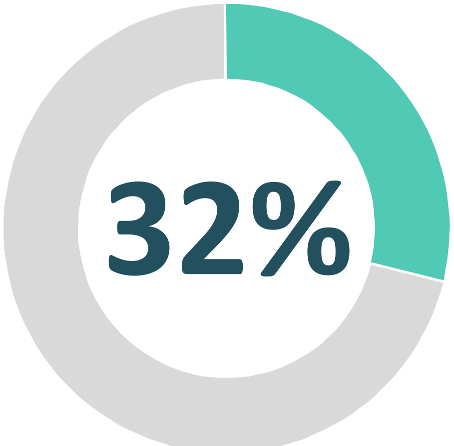
Which of the Following Best Describes your Current Financial Situation…?



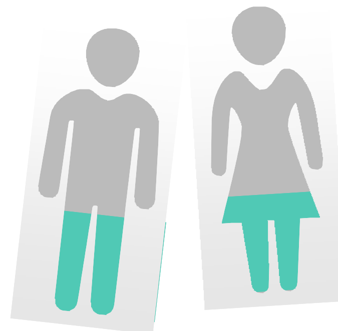
1 in 3 claim to struggle financially – this is an increase from June. But almost 1 in 3 claim to be living comfortably while the remaining are neither comfortable, nor struggling.

Who is Struggling to Make Ends Meet?

Total – 1 in 3 struggle to make ends meet

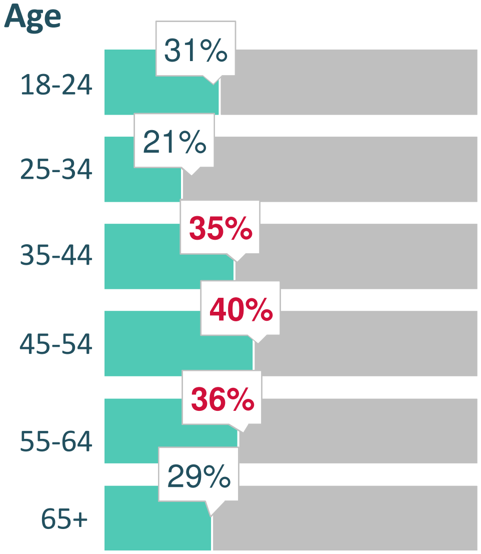


Gender



30% 33%

Age

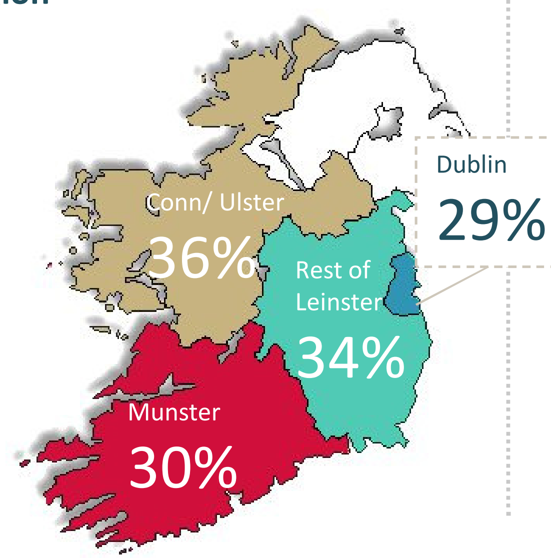


Social Class

Higher Social Grades: 25%

Lower Social Grades: **38%**

Region



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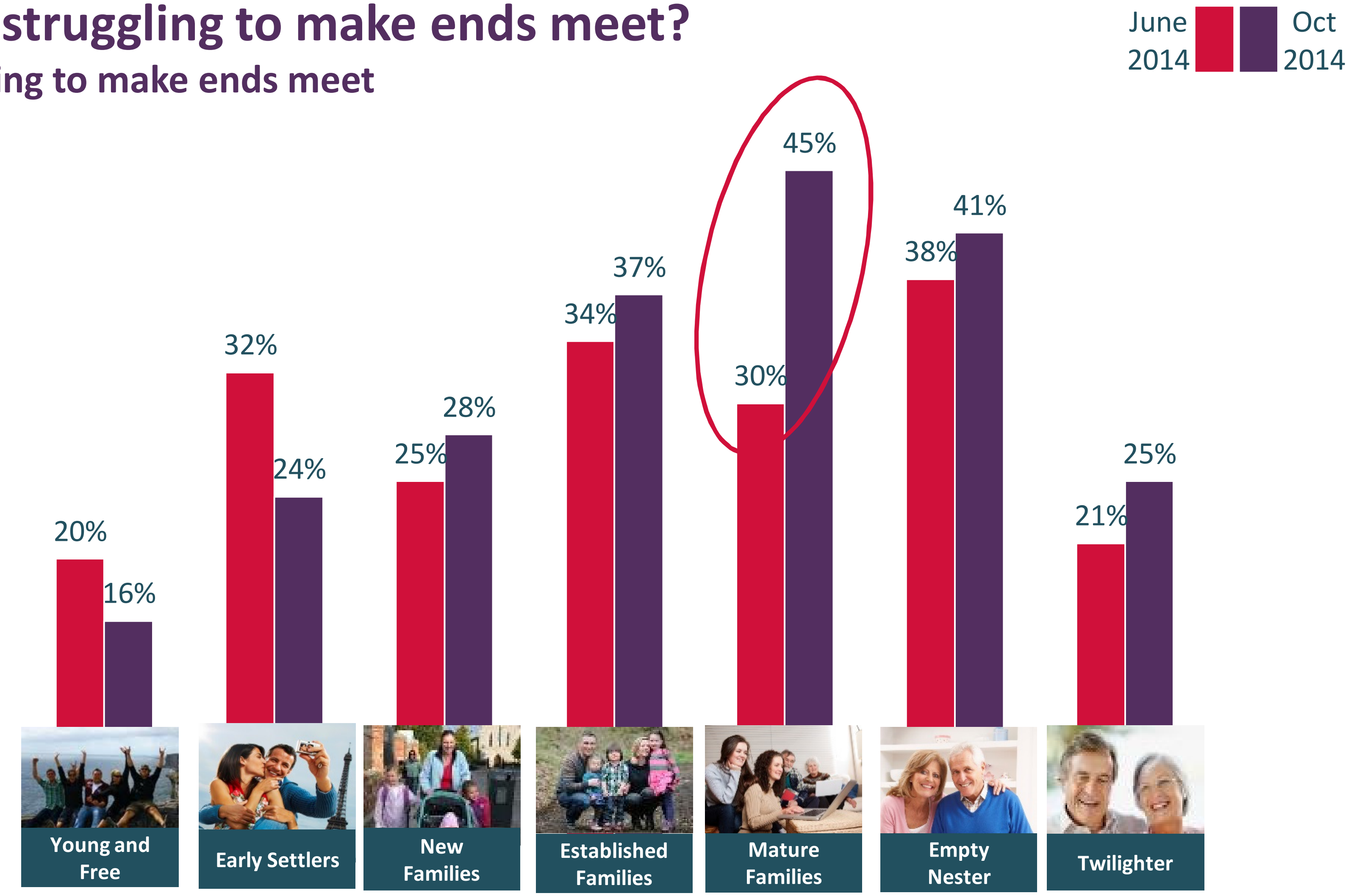
Who is struggling to make ends meet?

% Struggling to make ends meet



Families and Empty Nesters are most likely to feel they are struggling financially. Mature Families see the biggest increase in the proportion claiming to be struggling.

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Relationship between Economic Situation and Impact of Recovery

Current Difficulty	No Recovery	Recovery & NOT benefitting	Recovery & Benefitting
Comfortable	Unaffected 4% (5%)	Stable 7% (9%)	Booming 18% (16%)
Neither Comfortable nor Struggling	10% (10%) Resigned	14% (15%) Treading Water	15% (15%) Improving
Struggling	13% (14%) Desperate	11% (9%) Hard Done By	7% (4%) Emerging

( ) Figures in brackets show June 2014 figures

Future Opportunity

Almost 1 in 4 are currently struggling and do not feel any recovery personally. But 1 in 3 feel the impact of the recovery and are doing fine financially.

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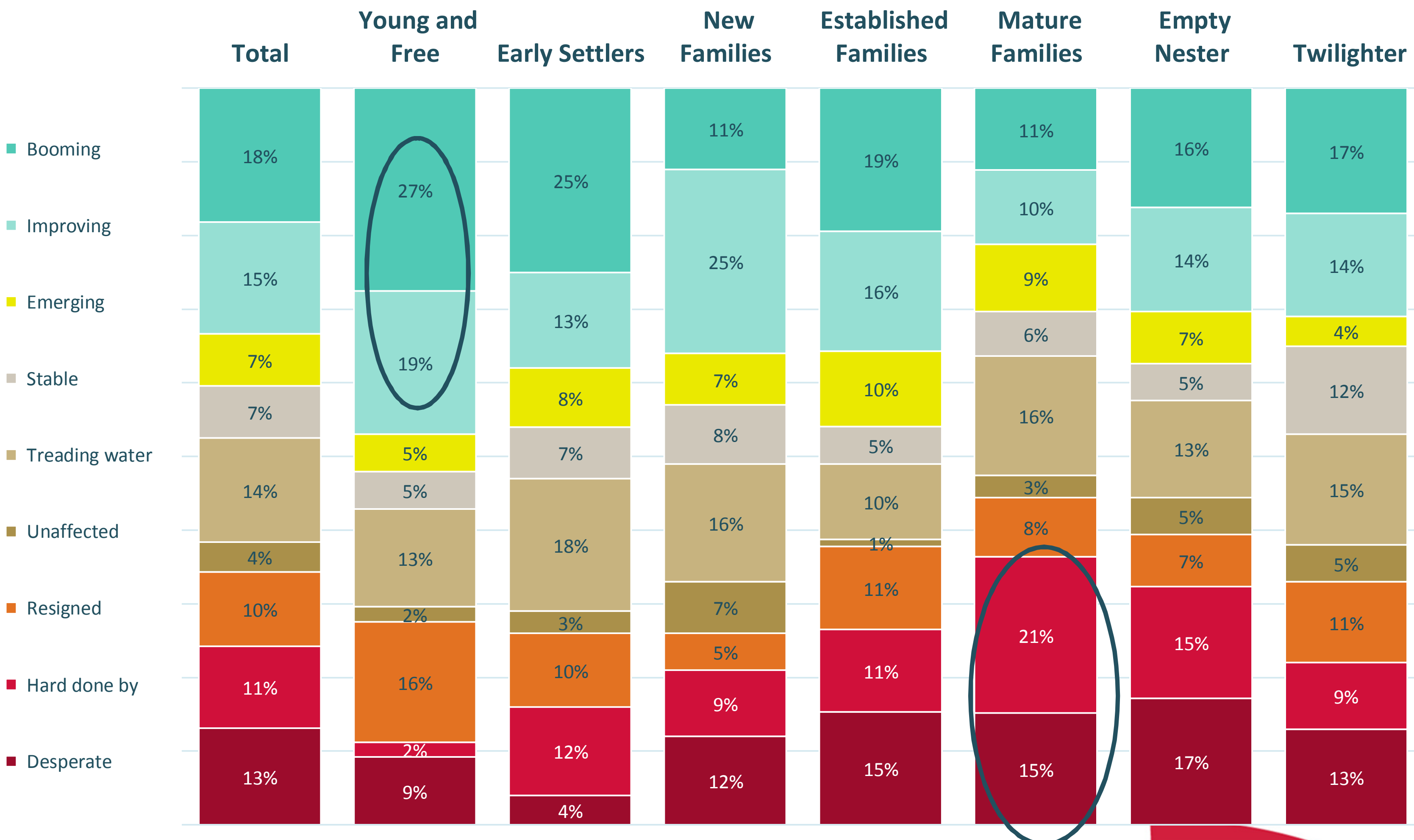
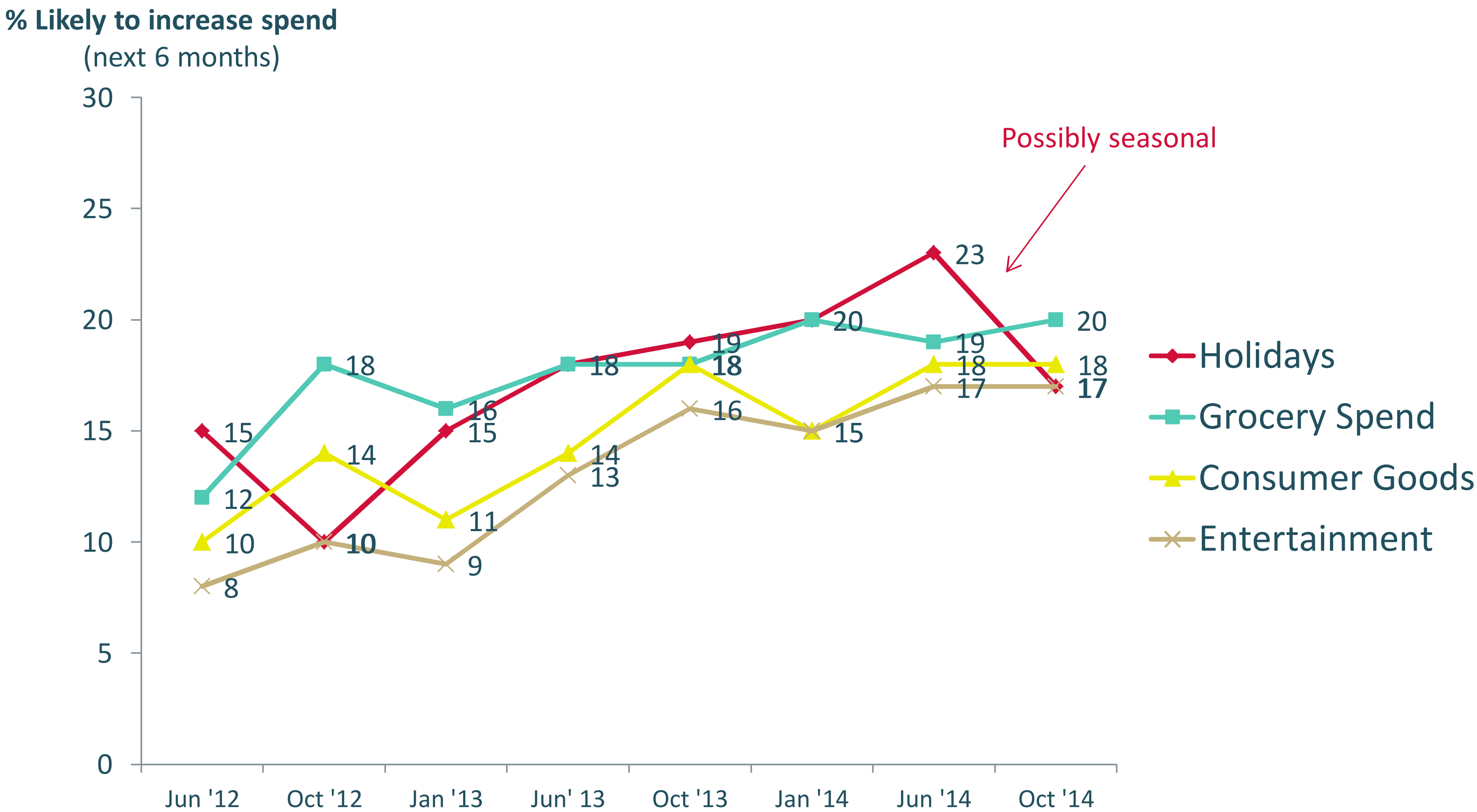
Mature Families are most likely to find themselves in a difficult situation with a struggling economy and no improvements…



With many not feeling any personal benefits of the recovery, consumers remain cautious in terms of spend

Spend intention remains steady, apart from decline for holidays



Spend intentions remain relatively unchanged for groceries, consumer goods and entertainment. We see a decline in spend intention for holidays – but seasonality might play a role here.

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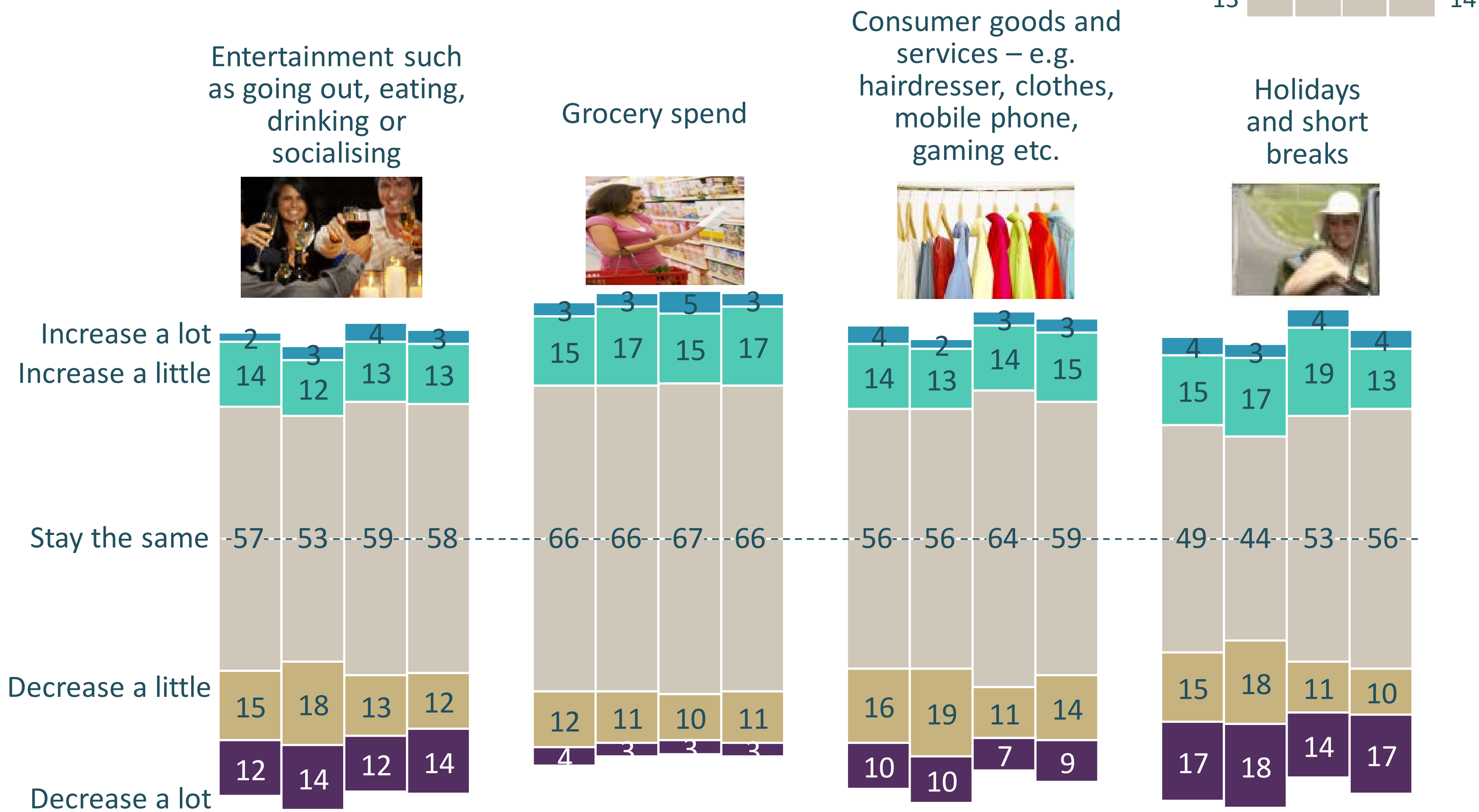
Expected Changes In Spend Over The Next 6 Months



Only minor changes to spend intention indicate that consumers need to feel the impact of the recovery before increasing spend further.

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The 18-24 year olds have higher spend intention than the rest of the population.




% Likely to increase spend in next 6 months	Entertainment	Grocery Spend	Consumer Goods/ Services	Holidays/ Shorter Breaks
Total	**17**	**20**	**18**	**17**
Gender				
Male	20	22	19	19
Female	13	19	16	14
Age				
18-24	31	30	29	15
25-34	21	21	19	24
35-44	16	26	21	18
45-54	17	21	14	17
55-64	10	15	14	13
65+	7	10	11	8
Social Class				
ABC1	17	22	15	19
C2DE	17	20	20	15
Region				
Dublin	19	28	22	18
Rest of Leinster	17	17	15	12
Munster	17	16	18	18
Connaught/Ulster	11	20	14	17

Methodology

- 1,008 telephone interviews (CATI) were conducted using a random digit dial sample to ensure coverage of all households, including ex-directory.
- Quotas were set and data weighted to ensure a nationally representative sample of the population aged 18+ years.
- This is the 21st wave of the Consumer Mood Monitor – fieldwork was conducted 20th-22nd October 2014.

THANK YOU

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